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2004 DEC 27 P 2: 34

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AZ CORP COMMISSION
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Attorneys for Voyager Water Company

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

MARC SPITZER, Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
MIKE GLEASON
KRISTIN K. MAYES

Arizona Corporation Commission

DOCKETED

DEC 27 2004

DOCKETED BY

[Signature]

IN THE MATTER OF THE APPLICATION
OF RED ROCK UTILITIES, LLC FOR A
CERTIFICATE OF CONVENIENCE AND
NECESSITY TO PROVIDE WATER AND
WASTE WATER

Docket No. WS-04245A-04-0184

Decision No. 67409

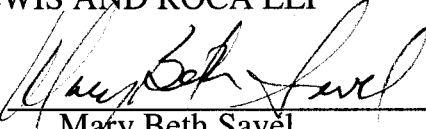
**NOTICE OF FILING ANALYSIS
OF ASSURED WATER SUPPLY**

In satisfaction of Arizona Corporation commission Decision No. 67409,
Opinion and Order, p. 12, lines 25-26, Red Rock Utilities, LLC hereby files a copy of the
Analysis of Assured Water Supply approved by the Arizona Department of Water
Resources and dated November 2, 2004.

DATED this 27th day of December, 2004.

LEWIS AND ROCA LLP

By


Mary Beth Savell

Thomas H. Campbell

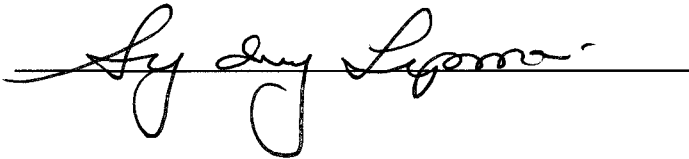
40 N. Central Avenue

Phoenix, Arizona 85004

Attorneys for Red Rock Utilities, LLC

ORIGINAL AND 13 COPIES filed
this 27th day of December, 2004, with:

Arizona Corporation Commission
Utilities Division – Docket Control
1200 W. Washington Street
Phoenix, Arizona 85007



ARIZONA DEPARTMENT OF WATER RESOURCES

Office of Assured and Adequate Water Supply

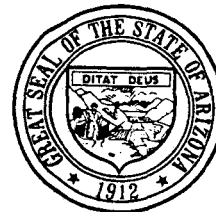
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JANET NAPOLITANO
Governor

HERB GUENTHER
Director

ANALYSIS OF ASSURED WATER SUPPLY

November 2, 2004

File Number: 28-400918
Development: Red Rock Village
Location: Township 10 South, Range 10 East, Sections 4, 5, 8, 9 & 10
Pinal County, Arizona
Tucson AMA
Land Owner: Red Rock Ventures, LLC and La Osa Livestock Company, Inc.

The Arizona Department of Water Resources has evaluated the Analysis of Assured Water Supply application for Red Rock Village pursuant to A.A.C. R12-15-712. The proposed development includes 3,808 single-family residential units on 785 acres, plus 34 acres of school sites, 83 commercial acres, 290 industrial acres, and 143 acres of parks and open space. The residential area includes medium density development (3.1 RAC), medium-high density residential (5.1 RAC), manufactured housing (4.17 RAC), and an RV Home site (5.19 RAC). Red Rock Utilities L.L.C., a new water provider, will serve the master plan development. Conclusions of the review are indicated below based on the assured water supply criteria referenced in A.R.S. § 45-576 and A.A.C. R12-15-701 *et seq.*

- **Physical, Continuous, and Legal Availability of Water for 100 Years**
The source of supply for the development will be 100% groundwater. On the basis of a hydrologic study performed by Postillion Environmental Resource Consultants, Inc., the Department has determined that 2,247 acre-feet per year of groundwater will be physically and continuously available for 100 years. That exceeds the development's projected build out demand of 2,230 acre-feet per year. Applicant's non-residential demand estimates are based on minimum fire flow requirements. Individual certificates may have higher demand estimates and may need to prove additional physical supply. A new service area is being established to serve the development. A recovery well, permit #74-595212.0000, is being used to establish the service area right. An application for a Certificate of Convenience and Necessity has been submitted to the Arizona Corporation Commission (ACC). The ACC notified the applicant on June 2, 2004 that the sufficiency requirements had been met. A Notice of Intent to Serve form was submitted on March 9, 2004, however the service area and ADEQ Public Water System have not yet been established for the provider. Therefore, legal availability has not been demonstrated at this time. Individual Notices of Intent to Serve will be required for each application for a Certificate of Assured Water Supply.

- **Adequate Water Quality**
There is no known WQARF or Superfund site within one mile of the proposed development. Red Rock Utilities is in the process of acquiring an ADEQ Public Water System Number and new source approval from ADEQ. The water quality requirement will be reevaluated for each application for a Certificate of Assured Water Supply.
- **Consistency with Management Plan for the Tucson Active Management Area**
Red Rock Utilities will be regulated initially as a small municipal provider. Landscaping in public rights-of-way will conform to the Department's Low Water Use Plant List, and all plumbing fixtures will comply with the State low flow plumbing code.
- **Consistency with Management Goal of the Tucson Active Management Area**
The Assured and Adequate Water Supply Rules (A.A.C. § R12-15-705) allocate a volume of mined groundwater to each new subdivision plat in an AMA. Any water deliveries in excess of this mined groundwater allowance must be met through the direct or indirect use of renewable water supplies (surface water or effluent). Options for demonstrating consistency with management goal include: 1) direct use of surface water or effluent; 2) recharge and recovery of surface water or effluent; or 3) membership in the Central Arizona Groundwater Replenishment District (CAGRD). In addition, the groundwater allowance may be increased by extinguishing grandfathered groundwater rights. Prior to preparing an application for a Certificate of Assured Water Supply for an individual subdivision plat, the Tucson AMA Office or the Office of Assured Water Supply may be contacted for further guidance.

The applicant indicated in a letter dated June 7, 2004, that the entire proposed development will be enrolled as member lands in the CAGRD. The membership documents must be executed and recorded before a Certificate of Assured Water Supply will be issued. The projected 100-year demand of 204,408 AF consists entirely of groundwater.

- **Financial Capability of the Owner to Construct the Necessary Distribution System**
Pursuant to A.A.C. R12-15-707, financial capability will be evaluated by the local platting authority as a part of the process for obtaining a Certificate of Assured Water Supply for each subdivision. The application for a Certificate of Assured Water Supply includes a Verification of Construction Assurance for a Proposed Subdivision form. This form should be signed by the appropriate platting entity to provide evidence of financial capability. This Analysis of Assured Water Supply application did not include a signed Verification of Construction Assurance Form. Financial Capability is not proven at this time. This requirement of an assured water supply will be evaluated upon application for a Certificate of Assured Water Supply.

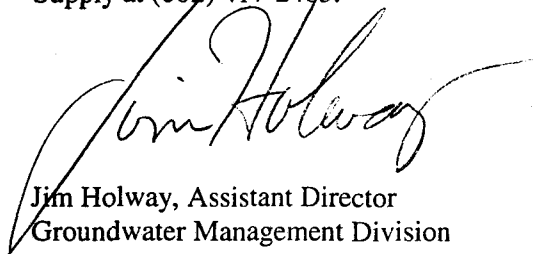
The term of this Analysis of Assured Water Supply is ten years from the date of application (March 17, 2003) and may be renewed upon request, subject to approval by the Department. Throughout the term of

Analysis of Assured Water Supply
Red Rock Village
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Page 3

this determination, the projected demand of this development will be considered when reviewing other requests for assured water supply in the area.

Prior to obtaining plat approval by the local platting authority and approval of the public report by the Department of Real Estate, a Certificate of Assured Water Supply must be obtained for each subdivision plat. The findings of this Analysis of Assured Water Supply may be used to demonstrate that certain requirements for a Certificate have been met. This determination may be invalidated if the development plan or other conditions change prior to filing for a Certificate of Assured Water Supply.

Questions may be directed to the Tucson AMA Office at (520) 770-3800, or the Office of Assured Water Supply at (602) 417-2465.



Jim Holway, Assistant Director
Groundwater Management Division

cc: Doug Dunham, Office of Assured Water Supply
Karen Modesto, Hydrology Division
WLB Group